

Economic history: ideas that built the world

Liberalism made us brave, bold—and rich, argues Deirdre McCloskey

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The great enrichment: Wentworth Works, file and steel manufacturers and exporters of iron in Sheffield c.1860 ©EVERETT COLLECTION/BRIDGEMAN IMAGES

[A Culture of Growth: The Origins of the Modern Economy by Joel Mokyr \(Princeton University Press, £24.95\)](#)

Joel Mokyr—“moh-keer”—is a Nobel-worthy economic scientist, right down to his wingtip shoes. But he is at the same time a brilliant historical scientist.

Economics and history have very different intellectual values. Mokyr combines them to give us here an intellectual history of “the origins of the modern economy” back to the times of Isaac Newton and Francis Bacon and before.

At Northwestern University in the United States, Mokyr is an honour-draped professor in both the department of economics and the department of history, and teaches also at the University of Tel Aviv. If you didn’t know much about how modern economics operates as a field you would imagine that such combined skills were routine.

Surely? After all, the data for understanding the economy are historical, and come in words as much as in numbers. We don’t have future or theoretical or stylised or imagined or convenient facts. We have instead the irritating facts, all of them historical, mainly about what dead people said and thought. So of course an economic scientist, like an astronomical scientist looking at stars many light

years away or an evolutionary scientist looking at beasts many millions of years ago, would be serious about understanding our ancestral economies many decades or centuries away—yes?

No: Mokyr is rare in his field. Someone who takes the same approach is his colleague at Northwestern, Robert Gordon, who also published a big book of historical economics this year (*The Rise and Fall of American Growth*, reviewed in February's *Prospect* by Lawrence Summers). Mokyr and Gordon sparred recently in the *Wall Street Journal* about whether we are doomed or blessed. *A Culture of Growth* is a brilliant book. You should buy it, and even read it. It's long, but consistently interesting, even witty. It sustains interest right down to page 337, the very last, unlike, say, Thomas Piketty's 2013 *Capital*, which by page 20 of 577 becomes stunningly boring. Another difference between the two is that Piketty's book is mistaken and Mokyr's is correct.

Mokyr takes seriously the job of making an argument. For example, his glittering chapters late in the book on Chinese history make the point that we need to understand China, which in 1500 led the world, in order to understand the peculiarity of northwestern Europe, 1500 to 1800, which came to lead it. The book is not beach reading. But you will finish it impressively learned about how we got to where we are in the modern world.

You will learn that the conventional view about piling brick on brick, or even university degree on university degree, is not how we got here. We got here, Mokyr shows, as he suggested with increasing clarity in his earlier books since 1990, through new ideas, not through the routine investment implementing those ideas. As he wrote in the opening sentence of *The Enlightened Economy*: “economic change depends, more than most economists think, on what people believe.”

His idea about ideas is contrary to the materialism of most economists, many historians and some politicians. Money for investment, to take one of the materialist alternatives, has always been plentiful. Acheulean hand axes, Roman roads and Chinese canals were all massively accumulated. Yet cavemen, classical Romans and Sui dynasty Chinese did not make the modern world. It happened instead in a benighted corner of Eurasia called “northwestern Europe,” which from 1500 to 1800 became, as Mokyr establishes, unusually rich in ideas, especially after 1800.

Contrary to World Bank orthodoxy, capital and savings are not the big constraint on our riches. Good ideas are. Once you have a really good idea—containerisation of shipping, for example, or electric lighting, or an atmospheric steam engine—persuading the sharks in the City to give you the money is straightforward. The result was the Great Enrichment: the accumulation of ideas for the modern university and modern medicine and modern food preparation, the most important secular events since the invention of agriculture.

How astounding was it? Here's how: in 1800 the real income per head of the average person on the planet was about £2.50 a day in 2016 prices, the present level of Afghanistan. In rich Britain and Holland in 1800 it was about £5, the present level of Ghana. The figures are rough, but not misleading. By now worldwide real income per head per day is £30, which is Brazil's level. That is, after 1800 the world—including even very poor places—got 10 times better off. Now in Ireland and the UK, it is about £100; in the States £120. That is, the now-rich countries, including more countries yearly, got anywhere from 18 to 30 times better off (Finland, for example). The poorest people benefited the most, having now the food, housing, clothing, medicine and human scope denied to their ancestors.

Nothing remotely like the great enrichment had happened before. Real incomes might double for a time, in fifth-century Athens or the Mughal Empire. Then they would slip back to the misery of £2 or £3 a day—and never set off on a journey to anything like £30 or £100. Since 1800 life expectancies have doubled or tripled. Literacy has exploded. Growth shows no signs of slowing worldwide. In a century

the whole world will be rich. Happy? Maybe or maybe not. Living lives with greater opportunity? Certainly.

Ideational economic history considers as merely dependent and secondary the usual suspects of savings, finance, capital, coal, geography, trade, imperialism, cotton, slavery, exploitation and other materialism beloved of economists from Adam Smith through Karl Marx.

A Culture of Growth shows that a crucial event in the coming of good ideas was the rise in Europe (and Mokyr claims, on less decisive evidence, in Europe only) of a Republic of Letters between 1500-1800. He reaches back into the intellectual and scientific history of Europe to explain how Europe—and somewhat oddly, only northwestern Europe, and odder still only Britain—was by the 18th century overrun with bold scientists, engineering geniuses, clever instrument-makers and skilled machine minders. Thence the industrial revolution, which did not “fizzle out” in the way earlier efflorescences had.

You will also learn to think of the republic of letters and the enlightenment and the industrial revolution and the great enrichment in terms of the “market for ideas.” Mokyr ingeniously cashes in the old metaphor, using it as an economist’s tool to see why, for example, scientific prestige could result in cash rewards.

It was a close run thing. Had English naval gunnery and a divine wind not turned back the Armada in 1588, for instance, the English would have reverted to Catholicism of a nervously anti-scientific sort. The Dutch Republic would have been crushed by Spanish armies, and Dutch and British ingenuity would have been throttled in its infancy.

A beautiful book, I say. Even the flaws are fruitful. That’s how you know you’re reading a first-rate piece of scholarship and science—even when it fails, it points to better thoughts.

For one thing, Mokyr is irrationally scornful towards his colleagues in literature and cultural studies and social constructionism. That’s normal for many social and physical scientists, disdainful of what they do not understand over in the arts faculty. Look for example at the New Atheists assaulting a theology of which they have not read a page.

But for Mokyr’s scientific purposes the scorn leaves him bereft of the tools to understand cultural change. His lucid scholarship brings the histories of science, technology and social thought together for the benefit of each. Splendid. But he has not studied rhetoric with any seriousness, or cultural anthropology or literary criticism—all rubbish, he is quite certain. Yet the arts allow us to understand how and why words matter. If we are going to have an ideational economic history we need word lore along with the numbers. We need an economics with the humans and their philosophy and novels and drama and language left in.

Mokyr puts too much emphasis on high science too early. He tends to smoosh the time periods together, especially when he is busy claiming that science made us rich in the 19th century, and even, he sometimes hints, against his own repeated admissions, in the 18th. Science, as against tinkering technology, probably does not matter to most of the economy until the 20th century.

Nowadays, Mokyr and I agree, it matters a great deal—not in the patrician astronomy and high-energy physics, to be sure, but certainly in the biology and materials sciences.

But the high science would have been seed cast on stony ground if a new liberalism had not prepared for it. Adam Smith in 1776 spoke warmly of “allowing every man to pursue his own interest in his own way, upon the liberal plan of equality, liberty, and justice.” Liberalism, letting ordinary people have a go, made people bold. The only way we get great enrichments is if the mass of people are bold, because that’s where the engineering elite comes from. An earlier and primitive liberalism of ideas encouraged the republic of letters, too. So did the printing press and the fragmentation of political authority in Europe, which are also roots of liberalism itself. So the causes are tangled. But the scientific

revolution is Europe-wide. The industrial revolution was English, prepared by the Dutch, followed by the Scots and the Yankees. And they are just the places where a liberal plan, however imperfectly, was first tried.

What of our present prospects? Do we face a new fizzling? Mokyr and I and Jack Goldstone and Margaret Jacob, we of the new ideational economic history, think not. Mokyr points to continuing betterment from science even in the old rich countries and I point to the betterments of technology coming from China and India and the rest when they join us in wealth. And we all think, if the world does not drop an easy slip catch in the manner of August 1914, that liberal ideas have enormous, enriching consequences.